

**Eagle City Council
Special Meeting Minutes
July 10, 2008**

*The meeting was originally to take place in the Liberty Room,
but was moved to Council Chambers.*

1. **CALL TO ORDER:** Called to order 9:12 a.m.
2. **ROLL CALL:** **Present:** GUERBER, SHOUSHARIAN, HUFFAKER, SEMANKO.
3. **EXECUTIVE SESSION:**
 - A. Acquisition of private property. I.C. § 67-2345 (c)

Guerber moves to go into executive session per Idaho State code 67-2345 (c) to discuss acquisition. Seconded by Shoushtarian. Discussion.

Guerber withdraws the motion.

4. **NEW BUSINESS:**

A. **Consideration of Eagle Water intertie agreement.**

Mayor Bandy introduces the item.

Semanko states that Eagle Water Company is requesting an intertie into the City of Eagle's water system. A City system that has been built by the City, on the backs of the taxpayers of the City, and anyone who wants to hook up to that needs to be charged a reasonable amount for that, because if they aren't then it's being subsidized and borne by the taxpayers of the City of Eagle. What would adequate monetary consideration for anyone to hook onto the City water system for redundant fire flow protection capacity and nothing else, what is that worth?

City Engineer, Vern Brewer after analysis by the City Engineer the calculation is comprised of two parts for the concurrent reserve, fire reserve and such that it takes to run the tank. It was \$6,700 per month to do the construction portion of that. To put the system behind it, that actually fills it, and runs it, so that it is actually an available system was \$9,400 per month. So in the total picture it was \$16,100 would represent a cost of the storage that would fairly distribute the benefits of that storage facility.

Mayor Bandy relays how the calculations were arrived at for further clarification to Council member Semanko's inquiry. The numbers were based on the Eagle City connection base of 1400 connections and the Eagle Water connection base of 3400 connections. The ratio there is 29% to 71% , and what calculations were provided by City Engineer Kasey Ketterling at a previous meeting, was that of the available water that 63% of that water is for fire flow. So we took the 63% times the 71% and came out with 0.45, so we took that 0.45 multiplied it by \$179,000 (which is the debt payment) and that came out to \$80,550 per year, and to divide that by a monthly cost is comes out to \$6,700. So that is strictly the fire flow component of this. And then for the operation and maintenance (O/M) aspect and the calculation was on an annual basis there would be \$250,000 for O/M costs for 2 wells and a reservoir, and again we multiplied the \$250,000 times 0.45 factor and that gave us a \$112,500 a year O/M; divide that by 12 (months) that gives us \$9,400; adding the \$6,700 for the fire flow to the \$9,400 for operation and

maintenance that gives us the \$16,100 per month total cost. This is basically dividing up assessed benefits.

Discussion regarding the calculations, the proposed conditions in the draft intertie agreement, and what conditions would and would not be beneficial to the City of Eagle.

Molly O'Leary, with Richardson and O'Leary, attorney for Eagle Water Company. O'Leary appreciates the time and effort that has been invested in trying to create an agreement that would benefit both parties. Discussion regarding conditions of the agreement including water right leasing, right to first refusal and DEQ conditions.

Robert DeShazio, owner of Eagle Water Company, comments on the terms of the agreement and the efforts being made to address the uranium issue. He could tie his system into a system other than Eagle's, but he would rather work with the City in this matter. Discussion.

Discussion regarding water rights, and conditions of the agreement. Semanko comments that there was once a purchase and sale agreement and it is gone. All we are talking about now is the right of first refusal, and the notion that Mr. DeShazio may never sell it – but if you do, the fact that the City would have a meaningful opportunity to buy it and the folks would get a chance to vote. And then if they don't buy, you (DeShazio) would sell it to someone else - that is worth a lot to the City, in Semanko's view. It would also allow the City to look at bringing the price down quite a bit on the monthly and give us justification on, if we have to defend it in court.

Guerber moves to go into executive session per Idaho State Code 67-2345 (c) acquisition of private property in regard to negotiations with Eagle Water Company intertie agreement. Seconded by Huffaker. HUFFAKER AYE; SHOUSHTARIAN AYE; GUERBER AYE; SEMANKO AYE. ALL AYE...

Council enters executive session.

Council goes into executive session to discuss negotiations with Eagle Water Company intertie agreement.

Council leaves executive session.

Huffaker present via tele-conference upon exit of executive session.

Semanko moves to authorize the mayor to sign an agreement to include a \$10,000 month payment from Eagle Water to the City for the intertie agreement for the amount of time that Eagle Water Company needs the intertie including as necessary a month to month extension, words to be drafted by (legal) counsel. Also to include a permanent lease option and a permanent right of first refusal, again words to be worked out by (legal) counsel on both sides, and we authorize the Mayor to sign the agreement once it is ready for signature. Also agree that the City would agree with Eagle Water Company with regard to authorizations necessary for the PUC in dealing with this arrangement. (discussion – both legal counsels and City Council) The changes made the agreement shall be e-mailed out to the Council members as to form, etcetera and make sure they are all on the same page. But we do not need to come back into session that the Mayor would be authorized to sign the

agreement. Seconded by Guerber. Discussion. HUFFAKER AYE; SHOUSHARIAN AYE; GUERBER AYE; SEMANKO AYE...MOTION CARRIES.

5. ADJOURNMENT:

Guerber moves to adjourn at 11:20 a.m. Seconded by Semanko. ALL AYE...MOTION CARRIES.

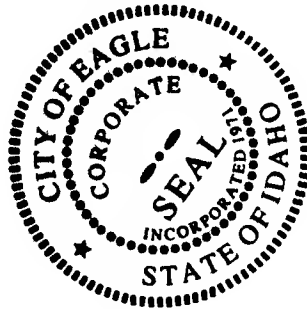
Hearing no further business, the Council meeting adjourned at 11:20 a.m.

Respectfully submitted:


SHARON K. BERGMANN
CITY CLERK/TREASURER

APPROVED:


PHILLIP J. BANDY
MAYOR



A TRANSCRIBABLE RECORD OF THIS MEETING IS AVAILABLE AT EAGLE CITY HALL